

## **RUSSELL BREWERIES INC.**

#202 – 13018 80<sup>th</sup> Avenue  
Surrey, British Columbia  
V3W 3B2

Telephone: (604) 599-1190  
Facsimile: (604) 599-1048

### **NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual general and special meeting (the “**Meeting**”) of shareholders of **RUSSELL BREWERIES INC.** (the “**Company**”) will be held at the offices of Fasken Martineau DuMoulin LLP at 2900 - 550 Burrard Street, Vancouver, BC on Wednesday, November 5, 2014, at 3:00 p.m., Vancouver time, for the following purposes:

1. To receive the report of the directors of the Company.
2. To receive and consider the annual audited consolidated financial statements of the Company for the financial years ended June 30, 2013 and June 30, 2014, together with the auditors’ reports thereon.
3. To set the number of directors of the Corporation at four (4);
4. To elect directors of the Company for the ensuing year.
5. To appoint auditors of the Company for the ensuing year.
6. To authorize the directors to fix the auditors’ remuneration for the ensuing year.
7. To consider and, if thought advisable, to pass, an ordinary resolution of the Company to approve an amended stock option plan of the Company, as more particularly described in the accompanying Information Circular.
8. To act on such other matters, including amendments to any of the foregoing, as may properly come before the Meeting or any adjournment thereof.

An Information Circular accompanies this Notice. The Information Circular contains details of matters to be considered at the Meeting. The Board of Directors of the Company has fixed September 30, 2014 as the record date for determining the shareholders who are entitled to vote at the Meeting. Only holders of common shares of the Company (the “**Common Shares**”) at the close of business on September 30, 2014 will be entitled to receive notice of and to vote at the Meeting.

Registered shareholders are requested to date, sign and return the accompanying form of proxy for use at the Meeting if they are not able to attend the Meeting personally. To be effective, forms of proxy must be received by the Company’s registrar and transfer agent, Computershare Investor Services Inc., no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting (namely, by 3:00 p.m., Vancouver time, on Monday, November 3, 2014) or any adjournment thereof at which the proxy is to be used. Proxies delivered by regular mail should be addressed to Computershare Investor Services Inc., 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Proxies delivered by facsimile must be sent to Computershare Investor Services Inc., Attention: Proxy Department, at 416-263-9524 or toll free 1-866-249-7775. To vote by Internet, visit the website address shown on the form of proxy provided. Follow the online voting instructions given to you and vote over the Internet referring to your holder account number and proxy access number provided on the form of proxy that was delivered to you. To vote by telephone, call the toll-free number shown on the form of proxy. Using a touch-tone telephone to select your voting preferences, follow the instructions of the “vote voice” and refer to your holder account number and proxy access number provided on the proxy that was delivered to you. Note that voting by telephone is not available if you wish to appoint a person as a proxy other than someone named on the form of proxy.

Non-registered shareholders who are non-objecting beneficial owners and have received a voting instruction form from Computershare Investor Services Inc., please complete and return the form in accordance with the instructions provided in the Information Circular and on the voting instruction form..

Non-registered shareholders who have received this Notice and the accompanying Information Circular through a broker, a financial institution, a participant, a trustee or administrator of a self-administered retirement savings plan, retirement income fund, education savings plan or other similar self-administered savings or investment plan registered under the *Income Tax Act* (Canada), or

a nominee of any of the foregoing that holds your Common Shares on your behalf (the "Intermediary"), please complete and return the materials in accordance with the instructions provided to you by the Intermediary.

DATED at Surrey, British Columbia, this 3<sup>rd</sup> day of October, 2014.

**BY ORDER OF THE BOARD OF DIRECTORS**

(signed) *"Benjamin Li Yu"*

**(Benjamin) Li Yu**  
**Chief Executive Officer**

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### **INFORMATION CIRCULAR**

as at October 3, 2014 (unless otherwise indicated)

This Information Circular is furnished in connection with the solicitation of proxies by the management of RUSSELL BREWERIES INC. (the “Company”) for use at the annual general and special meeting (the “Meeting”) of its shareholders to be held on Wednesday, November 5, 2014 at the time and place and for the purposes set forth in the accompanying Notice of Meeting.

### **SOLICITATION OF PROXIES**

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors, officers and regular employees of the Company. All costs of this solicitation will be borne by the Company. These officers and employees will receive no compensation other than their regular salaries but will be reimbursed for their reasonable expenses, which it is expected will not exceed \$1,000 in the aggregate.

### **APPOINTMENT AND REVOCATION OF PROXIES**

The individuals named in the accompanying form of proxy are (Benjamin) Li Yu, the Chief Executive Officer and a director of the Company, and Kwong Choo, the Chief Financial Officer of the Company. **A registered shareholder eligible to vote at the Meeting has the right to appoint a person, who need not be a shareholder, to attend and act for the shareholder and on the shareholder’s behalf at the Meeting other than either of the persons designated in the accompanying form of proxy. If you are returning your proxy, you may do so either by inserting the name of that other person in the blank space provided in the accompanying form of proxy or by completing another suitable form of proxy. If you are using the internet, you may designate another proxyholder by following the instructions on the website. It is not possible to appoint an alternate proxyholder by phone. If you appoint a proxyholder, other than either of the persons designated in the accompanying form of proxy, that proxyholder must attend and vote at the Meeting for your vote to be counted.**

Registered shareholders are requested to date, sign and return the accompanying form of proxy for use at the Meeting if they are not able to attend the Meeting personally. To be effective, forms of proxy must be received by the Company’s registrar and transfer agent, Computershare Investor Services Inc. (the “**Transfer Agent**”), no later than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting (namely, by 3:00 p.m., Vancouver time, on Monday, November 3, 2014) or any adjournment thereof at which the proxy is to be used. Proxies delivered by regular mail should be addressed to Computershare Investor Services Inc., 9<sup>th</sup> Floor, 100 University Avenue, Toronto, Ontario, M5J 2Y1, Attention: Proxy Department. Proxies delivered by facsimile must be sent to Computershare Investor Services Inc., Attention: Proxy Department, at 416-263-9524 or toll free 1-866-249-7775. To vote by Internet, visit the website address shown on the form of proxy provided. Follow the online voting instructions given to you and vote over the Internet referring to your holder account number and proxy access number provided on the form of proxy that was delivered to you. To vote by telephone, call the toll-free number shown on the form of proxy. Using a touch-tone telephone to select your voting preferences, follow the instructions of the “vote voice” and refer to your holder account number and proxy access number provided on the proxy that was delivered to you. Note that voting by telephone is not available if you wish to appoint a person as a proxy other than someone named on the form of proxy.

A proxy returned to the Transfer Agent will not be valid unless dated and signed by the Shareholder or by the Shareholder’s attorney duly authorized in writing or, if the Shareholder is a corporation or association, the form of Proxy must be executed by an officer or by an attorney duly authorized in writing. If the form of Proxy is executed by an attorney for an individual Shareholder or by an officer or attorney of a Shareholder that is a corporation or association, the instrument so empowering

the officer or attorney, as the case may be, or a notarial copy thereof, must accompany the form of Proxy. If not dated, the Proxy will be deemed to have been dated the date that it is mailed to shareholders.

A registered shareholder who has given a proxy may revoke it by an instrument in writing duly executed and delivered either to the Transfer Agent or to the registered office of the Company at any time up to and including the last business day that precedes the day of the Meeting or, if the Meeting is adjourned, that precedes any reconvening thereof, or to the chairman of the Meeting on the day of the Meeting or of any reconvening thereof, or in any other manner provided by law. A revocation of a proxy will not affect a matter on which a vote is taken before the revocation. In addition, registered shareholders can also change their vote by phone or via the internet.

The Company is not sending proxy-related materials using notice and access this year.

#### EXERCISE OF DISCRETION

On a poll, the proxyholder, including the nominees named in the accompanying form of proxy, will vote or withhold from voting the Common Shares represented thereby in accordance with the instructions of the registered shareholder on any ballot that may be called for. If a shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. The proxy will confer discretionary authority on the nominees named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified; and
- (b) any other matter, including amendments or various to any of the matters identified in the accompanying Notice of Meeting, as may properly come before the Meeting or any adjournment thereof.

**In respect of a matter for which a choice is not specified in the proxy, or unless otherwise provided for in the proxy, the nominees named in the accompanying form of proxy will vote Common Shares represented by the proxy for the approval of such matter.**

As of the date of this Information Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting each nominee intends to vote thereon in accordance with the nominee's best judgment.

#### NON-REGISTERED HOLDERS

Only registered shareholders or duly appointed proxyholders are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders because the Common Shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the Common Shares. More particularly, a person is not a registered shareholder in respect of Common Shares which are held on behalf of that person (the "**Non-Registered Holder**") but which are registered either: (a) in the name of an intermediary (an "**Intermediary**") that the Non-Registered Holder deals with in respect of the Common Shares (Intermediaries include, among others, banks, trust companies, securities dealers or brokers and directors or administrators of self-administered RRSPs, RRI's, RESP's and similar plans); or (b) in the name of a clearing agency (such as The Canadian Depository for Securities Limited ("**CDS**")) of which the Intermediary is a participant. There are two kinds of Non-Registered Holders - those who object to their name being made known to the Company (called OBOs for "Objecting Beneficial Owners") and those who do not object to the Company knowing who they are (called NOBOs for "Non-Objecting Beneficial Owners").

The Company takes advantage of certain provisions of National Instrument 54-101 – *Communications with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**"), which permit the Company to directly deliver the Notice of Meeting and Information Circular (collectively, the "**Meeting Materials**") to NOBOs who have not waived the right to receive them. As a result, NOBOs can expect to receive a scannable voting instruction form (a "**VIF**"), together with the Meeting Materials from the Transfer Agent. These VIFs are to be completed and returned to the Transfer Agent in accordance with the instructions. The Transfer Agent is required to follow the voting instructions properly received from NOBOs. The Transfer Agent will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the Common Shares represented by the VIFs they receive.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the Meeting Materials to the clearing agencies and Intermediaries for onward distribution to OBOs who have not waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to OBOs. The Company does not intend to pay for delivery of the Meeting Materials to OBOs, and as a result OBOs will not receive the Meeting Materials unless their

Intermediary assumes the cost of delivery. With the Meeting Materials, Intermediaries or their service companies should provide OBOs with a “request for voting instruction form” which, when properly completed and signed by such OBO and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. The purpose of this procedure is to permit OBOs to direct the voting of the Common Shares that they beneficially own. **Non-Registered Holders who are OBOs should carefully follow the instructions of their Intermediary, including those regarding when and where the “request for voting instruction form” is to be delivered.**

Only registered Shareholders have the right to revoke a Proxy. Non-registered Shareholders that wish to change their voting instructions must, in sufficient time in advance of the Meeting, contact the Transfer Agent or their Intermediary to arrange to change their voting instructions.

These security holder materials are being sent to both registered and non-registered owners of Common Shares of the Company. If you are a non-registered owner, and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of Common Shares have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding Common Shares on your behalf. By choosing to send these materials to you directly, the Company (and not the Intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions

### VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The authorized share structure of the Company consists of an unlimited number of Common Shares without par value. As of October 3, 2014, the Company had outstanding 87,083,788 Common Shares, each carrying the right to one vote.

Only shareholders of record at the close of business on September 30, 2014, who either attend the Meeting personally or complete and deliver a form of proxy in the manner and subject to the provisions described above, will be entitled to vote or to have their Common Shares voted at the Meeting.

To the knowledge of the directors and executive officers of the Company, as of October 3, 2014, 2014, no person or entity beneficially owned or controlled or directed, directly or indirectly, Common Shares carrying 10% or more of the voting rights other than as set out below:

<u>Name</u>	<u>Type of Ownership</u>	<u>Number of Common Shares Owned, Controlled, or Directed</u>	<u>Percentage of Class</u>
Corner Market Capital Corp.	Beneficial	15,574,000 <sup>(1)</sup>	17.9% <sup>(1)</sup>

<sup>(1)</sup> Corner Market Capital Corp. is the sole shareholder of Corner Market Management Inc. (“CMMI”) and a 65% shareholder of Corner Market Capital U.S. Inc. (“CMCUS”). CMMI is the general partner of MPIC Canadian Limited Partnership and CMCUS is the general partner of MPIC Fund 1, Limited Partnership. MPIC Canadian Limited Partnership is the registered holder of 13,574,000 Common Shares and MPIC Fund 1, Limited Partnership is the registered holder of 2,000,000 Common Shares.

Pursuant to the Subscription Agreement between the Company and FVI Capital Inc., on May 21, 2013, the Company appointed two nominees of FVI Capital Inc., being (Benjamin) Li Yu and (Derrick) Dongbing Ma, to the Board of Directors until the next annual meeting of shareholders of the Company. In addition, the Company agreed to include two nominees of FVI Capital Inc. on the slate proposed by the Board of Directors of the Company presented at the three subsequent shareholders’ meetings of the Company for so long as FVI Capital Inc. continues to hold the Common Shares held by FVI Capital Inc. as at such date. Therefore, management’s nominees for election as directors include two nominees of FVI Capital Inc., being (Benjamin) Li Yu and (Derrick) Dongbing Ma.

### ELECTION OF DIRECTORS

At the Meeting, the number of directors for the Company is set by ordinary resolution of the shareholders of the Company. Management of the Company is seeking shareholder approval of an ordinary resolution determining the number of directors of the Company at four (4) for the ensuing year

At the Meeting, Shareholders will be asked to elect four (4) directors to succeed the present directors whose term of office will expire at the conclusion of the Meeting. Each director elected will hold office until the conclusion of the next annual general

meeting of the Company at which a director is elected, unless the director's office is earlier vacated in accordance with the Articles of the Company or the provisions of the *Business Corporations Act* (British Columbia).

The following table sets out the names of management's nominees for election as directors, each nominee's municipality, province and country of residence, all offices in the Company each nominee now holds, the date of initial appointment of each nominee as a director of the Company, the number of Common Shares beneficially owned or controlled or directed, directly or indirectly, by each nominee, as at October 3, 2014, and each nominee's principal occupation or employment for the past five years.

<b>Name, Residence and Office Held with the Company</b>	<b>Date of Appointment as a Director</b>	<b>Common Shares Beneficially Owned or Controlled<sup>(1)</sup></b>	<b>Principal Occupation or Employment for the Past Five Years<sup>(1)</sup></b>
(Benjamin) Li Yu <sup>(2)</sup> Vancouver, BC, Canada Director	May 2013	6,866,666 <sup>(3)</sup>	Partner at FVI Capital Inc. since 2012 and Anyi Group since 2008
(Derrick) Dongbing Ma <sup>(2)</sup> Vancouver, BC, Canada Director	May 2013	8,200,000 <sup>(4)</sup>	Partner at FVI Capital Inc. since 2011 and Anyi Group since 2007.
Richard Ruijian Shi <sup>(2)</sup> Burnaby, BC, Canada Director	August 2013	1,500,000	Co-founder and Senior Vice President at Xinjiang Wusu Breweries Co. Ltd. from 1985 to 2009. Business consultant since 2009.
Peter Harry Stafford <sup>(2)</sup> Osoyoos, BC, Canada Director	August 2013	Nil	Retired lawyer and business consultant since 2013. Lawyer at Fasken Martineau DuMoulin LLP, and its predecessor firms for over 40 years.

<sup>(1)</sup> The information as to principal occupation, business or employment and Common Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. The number Common Shares beneficially owned or controlled does not include options to purchase Common Shares held by directors and officers.

<sup>(2)</sup> Member of the Audit Committee.

<sup>(3)</sup> 5,000,000 Common Shares are beneficially controlled through FVI Capital Inc., a company in which (Benjamin) Li Yu is a Partner. 200,000 Common Shares are registered to Xujun Zhou, the spouse of (Benjamin) Li Yu.

<sup>(4)</sup> 5,000,000 Common Shares are beneficially controlled through FVI Capital Inc., a company in which (Derrick) Dongbing Ma is a Partner. 200,000 Common Shares are registered to Xiao Qing Chen, the spouse of (Derrick) Dongbing Ma.

#### *(Benjamin) Li Yu*

(Benjamin) Li Yu has been a Partner at Vancouver based FVI Capital Inc. since February 2012. He has also served as a Partner for International Business at the Anyi Group, a Shanghai based private equity company since 2008. Ben brings a wealth of multinational knowledge and experience in areas of investment and finance, as well as sales and marketing. Prior to FVI Capital Inc., he held key management and consulting positions at companies in Germany and Canada for over ten years. Ben has a MBA degree from the University of British Columbia, and a Master's degree in Computer Science from the University of Stuttgart in Germany.

#### *(Derrick) Dongbing Ma*

(Derrick) Dongbing Ma has been a Partner at Vancouver based FVI Capital Inc. since August 2011. He is also the founder and been the Chairman of the Board of the Anyi Group, a Shanghai based private equity company affiliated with FVI Capital Inc., since 2007. Derrick is a successful serial entrepreneur and investor. He has founded multiple businesses in China since 1995, and took several of them public in China and Hong Kong. Derrick has a Bachelor of Commerce degree from the Anhui University of Finance and Economics in China.

#### *Richard Ruijian Shi*

Richard Ruijian Shi is a co-founder of Xinjiang Wusu Breweries Co. Ltd., a joint venture between the Carlsberg Group and Xingjian Hops Co., Ltd. With an annual production and sales of over 4 million hecto-liters, Xinjiang Wusu Breweries Co. Ltd is one of the largest and most successful breweries in Western China. During his 25 years tenure at the brewery, Mr. Shi held

various senior management positions, from brewery operations to sales and marketing. He was instrumental in the brewery's sustained growth and profitability over two decades. Before retiring from the company in 2009 and immigrating to Canada, Mr. Shi held the position of Senior Vice President for Sales and Marketing at Xinjiang Wusu Breweries Co. Ltd. Mr. Shi holds a Bachelor of Commerce degree from the Capital University of Economics and Business in Beijing, China.

*Peter Harry Stafford*

Peter Stafford QC is a retired lawyer and business consultant, having practiced with Fasken Martineau DuMoulin LLP, a major Canadian based international law firm, and its predecessor firms, for over 40 years, except for several years spent as chief in-house counsel for clients of the firm. He served as Vice-President, General Counsel and Secretary of Bank of British Columbia from 1985 to 1986 and as Chief Counsel to Kaiser Resources Ltd., a finance and investment firm, from 1987 to 1989. From 2003 to 2006 he was based in the firm's Johannesburg office. Mr. Stafford's experience is in the areas of corporate and securities law, including mergers and acquisitions. He was a director and subsequently secretary of WEX Pharmaceuticals Inc. (TSX listed) from 2001 to 2011, a director and board chair of BC Bancorp (TSX listed until its merger with a Canadian bank), and is a former director of Nissho Iwai (Canada) Ltd. a subsidiary of Nissho Iwai Corp. (now Sojitz Corp.). He is currently a director and the chair of the audit committee of ALR Technologies Inc., which is listed on the OTC Bulletin Board. Originally from South Africa, Mr. Stafford obtained a BA from the University of Cape Town and an LL.B from the University of South Africa. He was admitted as an attorney in South Africa and subsequently was called to the English Bar (Inner Temple). He is a Canadian citizen and resides in the South Okanagan, BC.

Management recommends that the Company's shareholders vote in favour of the election of the proposed nominees as directors of the Company for the ensuing year. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the nominees named in this Information Circular.**

**Corporate Cease Trade Orders or Bankruptcies**

Other than as disclosed in this Information Circular, no proposed director of the Company:

- (a) is, as of the date of this Information Circular, or has been, within 10 years before the date of this Information Circular, a director, chief executive officer or chief financial officer of any company (including the Company) that,
  - (i) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation (collectively, an "Order") that was issued while the proposed director was acting in the capacity of director, chief executive officer or chief financial officer; or
  - (ii) was subject to an Order that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity of director, chief executive officer or chief financial officer; or
- (b) is, at the date of this Information Circular, or has been within 10 years before the date of the Information Circular, director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (c) has, within 10 years before the date of the Information Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;

In relation to WEX Pharmaceutical Inc.'s ("WEX") failure to file its interim financial statement and management discussion and analysis for the interim financial period ended June 30, 2007, as required by National Instrument 51-102, WEX filed a Notice of Default dated August 17, 2007 and applied to the British Columbia Securities Commission (the "BCSC") for an order precluding management and other insiders from trading in its securities pending the filing of the foregoing documents. The BCSC issued a cease trade order on August 17, 2007. On September 17, 2007 the cease trade order was revoked, following the filing of WEX's

interim financial statements and management discussion and analysis for the interim period ending June 30, 2007. Peter Stafford was a director or officer of WEX from 2001 to 2011.

No proposed director of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court, or regulatory body that would likely be considered important to a reasonable security holder in deciding to vote for a proposed director.

#### APPOINTMENT AND REMUNERATION OF AUDITORS

The directors propose to nominate Manning Elliott LLP, Chartered Accountants ("**Manning Elliott**"), of Vancouver, British Columbia, the present auditors, as the auditors of the Company to hold office until the close of the next annual general meeting of the shareholders and that the remuneration be fixed by the Directors of the Company. Manning Elliott was first appointed auditors of the Company effective January 16, 2008.

Management recommends that the Company's shareholders vote in favour of the ordinary resolution to the appointment of Manning Elliott as the Company's auditor for the ensuing year and vote in favour of the ordinary resolution to grant the Board of Directors the authority to determine the remuneration to be paid to the auditor. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the appointment of Manning Elliott to act as the Company's auditor until the close of our next annual general meeting and also intend to vote FOR the proposed resolution to authorize the Board of Directors to fix the remuneration to be paid to the Auditor.**

#### APPROVAL OF AMENDMENT TO STOCK OPTION PLAN

The shareholders approved a stock option plan (the "**Plan**") at the extraordinary general meeting of the Company held on August 10, 2007. An amendment to the Plan to include provisions relating to the Company obtaining disinterested shareholder approval in certain instances was approved at an annual general and special meeting of shareholders of the Company on June 28, 2013. On October 3, 2014, the Company amended the stock option plan, subject to shareholder and regulatory approval, as more particularly described below. The Plan has been established to further the Company's policy of motivating officers, directors and employees of the Company and its subsidiaries to participate in the growth and development of the Company. The amended Plan is attached hereto as Schedule C. Under the Plan, the Company may grant stock options pursuant to which Common Shares may be purchased by directors, officers, employees and consultants of the Company up to a maximum of 10% of the issued and outstanding capital of the Company.

As of October 3, 2014, the Company had 4,600,000 stock options outstanding. Pursuant to the policies of the TSX Venture Exchange (the "**Exchange**"), shareholders are required, on a yearly basis, to approve stock option plans which have a "rolling plan" ceiling. In addition, the Company is seeking approval of the amendments to the Plan described below.

#### The Plan

The Plan complies with the requirements of the Exchange's Policy 4.4 *Incentive Stock Options* as it relates to Tier 2 issuers. The following is a summary of the principal terms of the Plan, as amended.

Options may be granted to employees, directors, officers and consultants of the Company. The aggregate number of Common Shares which may be issuance on the exercise of options granted under the Plan is up to 10% of the number of issued and outstanding Common Shares from time to time. Options may not be granted if such grant would result in the aggregate number of Common Shares authorized (i) for issuance to any one person within a one-year period is limited to 5% of the outstanding Common Shares; and (ii) for issuance to any insiders is limited to 10% of the outstanding Common Shares and 10% of the outstanding Common Shares within a 12-month period. The aggregate number of Common Shares which may be purchased by the exercise of options granted to persons employed to provide investor relations activities is limited to 2% of the issued Common Shares in any 12 month period. The aggregate number of Common Shares which may be purchased by the exercise of options granted to consultants is limited to 2% of the issued Common Shares in any 12 month period.

The exercise price of the options granted under the Plan shall be not less than the Market Price as defined in the policies of the Exchange.



The option period of an option may be for a period of up to five years from the date of the granting of the option, as determined by the Board of Directors. If the option holder resigns or is terminated, all unexercised options previously granted to such option holder are cancelled, but vested options granted to such holder may be exercised for 90 days following resignation or termination, other than a holder which is employed to provide investor relation activities who may exercise vested options for 30 days following resignation or termination, unless terminated for just cause. Options will also be non-assignable and non-transferable, provided that they will be exercisable by an option holder's personal representatives for up to one year following the death of such holder.

The Plan is administered by the Board of Directors of the Company or a committee of the Board of Directors, and subject to regulatory requirements in that regard, may be amended by the Board of Directors without further shareholder approval.

#### **Amendments to the Plan**

On October 3, 2014, the Company amended the Plan, subject to shareholder and regulatory approval. The following is a summary of the amendments to the Plan.

Certain amendments were made to the Plan to allow the Plan to be more flexible with respect to stock exchange rules, other than the Exchange. The minimum exercise price allowable for options granted under the Plan was increased to be the last closing price of the Common Shares before the date of the grant and the Plan was amended to clarify when the Company may amend the Plan without shareholder approval. The acceleration of the expiry date of vested options upon termination or resignation of an option holder was amended to differentiate between terminations for "just cause" and not for "just cause" and the amendments set out that unvested options upon termination or resignation of the holder expire and no longer vest. The amendments to the Plan also clarify that any options that are exercised, cancelled or terminated are available for future grants. Finally, the Plan was revised to allow the Company to deal with outstanding options in a manner it deems fair and reasonable upon a change in control of the Company.

At the Meeting, the shareholders of the Company will be asked to consider and, if thought advisable, to pass, with or without modification, the following:

"BE IT RESOLVED AS AN ORDINARY RESOLUTION that subject to regulatory approval:

- (a) the Company's stock option plan (the "**Plan**"), as amended, be and is hereby approved;
- (b) the Company be authorized to grant stock options pursuant and subject to the terms and conditions of the Plan, entitling the option holders to purchase up to that number of common shares that is equal to 10% of the issued and outstanding common shares of the Company as at the time of the grant; and
- (c) the directors and officers of the Company be authorized and directed to perform all such acts and deeds and things and execute, under the seal of the Company or otherwise, all such documents, agreements and other writings as may be required to give effect to the true intent of these resolutions."

Management recommends that the Company's shareholders vote in favour of the ordinary resolution to re-approval the Company's Plan. **Unless you give other instructions, the persons named in the enclosed form of proxy intend to vote FOR the re-approval of the Company's Plan.**

#### **CORPORATE GOVERNANCE**

Effective June 20, 2005, the Canadian Securities Administrators adopted National Instrument 58-101 *Disclosure of Corporate Governance Practices* ("**NI 58-101**") and National Instrument 58-201 *Corporate Governance Guidelines* ("**NI 58-201**"). NI 58-101 requires issuers to disclose the corporate governance practices that they have adopted. NI 58-201 provides guidance on corporate governance practices. In addition, the Company is subject to National Instrument 52-110 *Audit Committees* ("**NI 52-110**"), which has been adopted by the Canadian Securities Administrators and which prescribes certain requirements in relation to audit committees. A full description of each of the corporate governance practices of the Company with respect to NI 58-101 is set out in Schedule A to this Information Circular.

## COMMITTEES OF THE BOARD

The Corporation currently has an Audit Committee. A description of the Audit Committee, its mandate and its activities is set out in Schedule B to this Information Circular. The Audit Committee reviews its mandate annually and changes to its mandate are approved by the Board.

### AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITORS

NI 52-110 requires the Company, as a venture issuer, to disclose annually in its Information Circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditors, which is set forth below.

#### The Audit Committee's Charter

The Company's Audit Committee is governed by an audit committee charter, the text of which is set out in Schedule B of this Information Circular.

#### Composition of the Audit Committee

The Company's Audit Committee is currently comprised of four directors, Peter Stafford, Richard Ruijian Shi, (Derrick) Dongbing Ma and (Benjamin) Li Yu. Three members, Mr. Stafford, Mr. Shi and Mr. Ma, are considered to be independent members of the Audit Committee pursuant to the meaning of "independent" provided in NI 52-110. All three members are considered financially literate as provided for in NI 52-110.

#### Relevant Education and Experience

This section describes the education and experience of the Company's Audit Committee members that is relevant to the performance of their responsibilities in that role, which includes:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements;
- (b) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

#### *(Derrick) Dongbing Ma*

(Derrick) Dongbing Ma has over 20 years of experience founding, managing and investing in multiple businesses in China and Canada. Mr. Ma is a founder and Chairman of the Board of the Shanghai based private equity company Anyi Group. Under Mr. Ma's leadership, Anyi Group provided early to late stage financing to over 30 different companies in China and Canada since 2007, and successfully brought several companies through their IPO processes. Mr. Ma also started Anran Gas and Guotong Pipe in the oil & gas sector, and grew the companies to publicly traded companies with sizable operations. Mr. Ma has a Bachelor of Commerce degree from the Anhui University of Finance and Economics in China.

#### *(Benjamin) Li Yu*

(Benjamin) Li Yu has over 15 years of experience leading and consulting companies that range from start-up businesses to global Fortune 500 companies in Canada and China. Mr. Yu has recently been a Partner at Vancouver based FVI Capital Inc., as well as a Partner for International Business at the Anyi Group, a Shanghai based private equity company, overseeing the group's international investments in the oil & gas, and customer goods segments. Mr. Yu has also been a principal consultant in the sales and marketing area to a global Fortune 500 company for over 7 years. Mr. Yu has a MBA degree from the University of British Columbia and a Master's degree in Computer Science from the University of Stuttgart in Germany.

### *Peter Stafford*

Peter Stafford QC served as Vice-President, General Counsel and Secretary of Bank of British Columbia from 1985 to 1986 and as Chief Counsel to Kaiser Resources Ltd., a finance and investment firm, from 1987 to 1989. He was a director or officer of WEX Pharmaceuticals Inc. (TSX listed) from 2001 to 2011, a director and board chair of BC Bancorp (TSX listed until its merger with a Canadian bank) and is a former director of Nissho Iwai (Canada) Ltd. a subsidiary of Nissho Iwai Corp. (now Sojitz Corp.). Mr. Stafford also served on the audit committee as WEX Pharmaceuticals Inc. He is currently a director and the chair of the audit committee of ALR Technologies Inc., which is listed on the OTC Bulletin Board. Mr. Stafford obtained a BA from the University of Cape Town and an LL.B from the University of South Africa.

### *Richard Ruijian Shi*

(Richard) Ruijian Shi has over two decades of experience managing and growing a regional brewery business. He was a Senior Vice President at the Xinjiang Wusu Breweries Co. Ltd., and oversaw its sustained growth and profitability for over two decades. In 2004, the company became a member of the Carlsberg Group, the 4th largest brewery group in the world. Mr. Shi holds a Bachelor of Commerce degree from the Capital University of Economics and Business in Beijing, China.

## **Audit Committee Oversight**

Since the commencement of the Company's most recently completed financial year ended June 30, 2014, the Company's Board of Directors has not failed to adopt a recommendation of the Audit Committee to nominate or compensate an external auditor.

## **Reliance on Certain Exemptions**

Since the commencement of the Company's most recently completed financial year ended June 30, 2014, the Company has not relied on the exemptions contained in Section 2.4 "*De Minimis Non-Audit Services*" or Part 8 (*Exemptions*) of NI 52-110. Section 2.4 provides an exemption from the requirement that the Audit Committee must pre-approve all non-audit services to be provided by the auditor, where the total amount of fees related to the non-audit services are not expected to exceed 5% of the total fees payable to the auditor in the fiscal year in which the non-audit services were provided. Part 8 permits a company to apply to a securities regulator authority for an exemption from the requirements of NI 52-110, in whole or in part.

## **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services. Subject to the requirements of NI 52-110, the engagement of non-audit services is considered by the Company's Board of Directors, and where applicable the Audit Committee, on a case-by-case basis.

## **External Auditor Service Fees**

The following table sets forth the fees billed by the Company's external auditor, Manning Elliot, for services rendered for the 2014 and 2013 financial years.

	<u>2014</u>	<u>2013</u>
Audit Fees <sup>(1)</sup>	\$90,000	\$95,000
Audit-Related Fees <sup>(2)</sup>	\$4,000	\$3,900
Tax Fees <sup>(3)</sup>	\$16,700	\$5,000
All Other Fees	Nil	Nil

<sup>(1)</sup> "Audit Fees" comprise the aggregate professional fees paid to the Company's auditors for the audit of the annual consolidated financial statements and other regulatory audits and statutory filings.

<sup>(2)</sup> "Audit Related Fees" comprise the aggregate fees paid to the Company's auditors for assurance and related services that are reasonably related to the performance of the audit or review of the consolidated financial statements and are not reported under the Audit fees item above.

<sup>(3)</sup> "Tax Fees" comprise the aggregate fees paid to the Company's auditor for professional services related to tax compliance, tax advice and tax planning.

## **Exemptions**

The Company is relying on the exemption provided by Section 6.1 of NI 52-110 which provides that the Company, as a venture issuer, is not required to comply with Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of NI 52-110.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

The purpose of this Compensation Discussion and Analysis is to provide information about the Company's executive compensation objectives and processes and to discuss compensation decisions relating to its named executive officers ("**Named Executive Officers**" or "**NEOs**") listed in the Summary Compensation Table that follows. During its financial year ended June 30, 2014, the following individuals were Named Executive Officers (as defined in applicable securities legislation) of the Company, namely (Benjamin) Li Yu, Chief Executive Officer (the "**CEO**"), Kwong Choo, Chief Financial Officer (the "**CFO**"), Andrew Harris, former President and Chief Operating Officer, Gary Liu, former Chief Financial Officer, and Brian Harris, former Chief Executive Officer.

#### *Compensation Objectives and Principles*

The primary goal of the Company's executive compensation program is to attract and retain the key executives necessary for the Company's long term success and to motivate and encourage executives to further the development of the Company and its operations. The compensation program is designed to reward the achievement of both short and long term strategic and operational objectives.

#### *Compensation Process*

The Company does not have a formal compensation program. However, the administration over the process to determine the compensation of the Company's Named Executive Officers is handled by the Board of Directors. Named Executive Officers and directors are compensated in a form and amount which is appropriate for comparative organizations, having regard for such matters as time commitment, responsibility and trends in director and executive compensation.

The compensation program is designed to provide competitive levels of compensation, a significant portion of which is dependent upon individual and corporate performance and contribution to increasing shareholder value. The Board of Directors recognizes the need to provide a total compensation package that will attract and retain qualified and experienced executives as well align the compensation level of each executive to that executive's level of responsibility. In general, Named Executive Officers compensation is comprised of a base amount and variable bonus compensation where applicable and stock option grants. The combination of base compensation and variable bonus structure is provided to align the executives with the Corporations interests for both the short-term and long-term.

#### *Elements of Executive Compensation*

Currently, the principal components of the Company's executive compensation packages are base remuneration, long-term incentive in the form of stock options, and a discretionary annual incentive cash bonus. The Company targets base remuneration, bonuses, and option based awards towards the average range relative to peer companies for similarly experienced executives performing similar duties. Generally, awards are made within this range, although compensation is awarded above or below in cases of exceptional or poor corporate and/or individual performance or other individual factors relating to a Named Executive Officer. The Company benchmarks against mid-level compensation because benchmarking allows the Company to attract and retain executives, provides an incentive for executives to strive for better than average performance to earn better than average compensation and helps the Company to manage the overall cost of management compensation while taking into account the Company's overall financial strength.

#### *Base Salary*

Base salary is used to provide the Named Executive Officers a set amount of money during the year with the expectation that each Named Executive Officer will perform his responsibilities to the best of his ability and in the best interests of the Company. The salaries are set on a basis of a review and comparison of salaries paid to executives with similar qualifications and responsibilities who are employed by companies the same or similar industry and corresponding size. The Board of Directors use comparables from similar public companies of size and complexity. The Chief Executive Officer reviews compensation for all employees reporting to him. The Board of Directors approves compensation for the Chief Executive Officer, President and Chief Financial Officer and any other key executives.

### *Option-Based Awards*

The granting of incentive stock options provides a link between management compensation and the Company's share price. It also rewards management for achieving results that improve Company performance and thereby increase shareholder value. Stock options are generally awarded to executive officers at the commencement of employment and periodically thereafter. In making a determination as to whether a grant of long-term incentive stock options is appropriate, and if so, the number of options that should be granted, consideration is given to: the number and terms of outstanding incentive stock options held by the Named Executive Officer; current and expected future performance of the Named Executive Officer; the potential dilution to shareholders and the cost to the Company; general industry standards; and the limits imposed by the terms of the Company's stock option plan. Pursuant to the Plan, the Board of Directors of the Company, at its discretion, determines all grants of stock options to Named Executive Officers. Such grants are considered incentives intended to align the Named Executive Officers' and shareholders' interests in the long term. The grant of stock options is not influenced by the number of options outstanding or in-the-money value of outstanding options. A summary of the Company's Plan is provided under the heading "Approval of Amendment to Stock Option Plan".

### *Bonuses*

Finally, the board will consider whether it is appropriate and in the best interests of the Company to award a discretionary cash bonus to the Named Executive Officers and if so, in what amount. A cash bonus may be awarded to reward extraordinary performance that has led to increased value for shareholders through project innovations and awards, the formation of new strategic or joint venture relationships and/or capital raising efforts. Demonstrations of extraordinary personal commitment to the Company's interests, the community and the industry may also be rewarded through a cash bonus. (Benjamin) Li Yu is eligible for an annual performance bonus of \$52,500 to be payable upon achievement of certain performance goals and objectives. The performance goals and objectives for the fiscal year ended June 30, 2015 are: (i) the Company's net income being \$359,000 or higher and (ii) the closing trading price of the Common Shares being \$0.075 or higher for forty or more consecutive trading days between April 1, 2015 and June 30, 2015.

### *Hedging*

The Company has no policy with regard to NEO (as defined below) and director purchases of financial instruments designed to hedge or offset a decrease in the market value of Company equities held by NEOs and directors.

### *Risk*

The Board of Directors have not carried out an assessment of the risks associated with the Company's executive compensation policies and practices.

## Summary Compensation Table

The following table sets forth information concerning the annual and long term compensation for services rendered to the Company during the Company's three most recently completed financial years in respect of the individuals who were (or who acted in a similar capacity as) as of June 30, 2014 or at any time during the financial year: (a) the CEO; (b) the CFO; (c) the three most highly compensated executive officers for the respective financial years, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the relevant financial year whose total compensation was, individually, more than C\$150,000 for the respective financial years; and (d) each individual who would be an individual listed above but for the fact that the individual was neither an executive officer of the Company, nor acting in a similar capacity, for the respective financial years.

Name and Principal Position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards <sup>(1)</sup> (\$)	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans <sup>(2)</sup> (\$)	Long-term incentive plans <sup>(2)</sup> (\$)			
<b>(Benjamin) Li Yu<sup>(3)</sup></b> Chief Executive Officer and Director	2014	83,333	N/A	Nil	Nil	N/A	N/A	12,875	96,208
	2013	N/A	N/A	Nil	Nil	N/A	N/A	1,500	1,500
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Kwong Choo<sup>(4)</sup></b> Chief Financial Officer	2014	45,490	N/A	Nil	Nil	N/A	N/A	6,935	52,425
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2012	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
<b>Andrew Harris<sup>(5)</sup></b> Former President, Chief Operating Officer and Director	2014	6,774	N/A	Nil	Nil	N/A	N/A	145,800	165,800
	2013	145,000	N/A	Nil	Nil	N/A	N/A	Nil	145,000
	2012	120,000	N/A	35,000	25,000	N/A	N/A	Nil	180,000
<b>Brian Harris<sup>(6)</sup></b> Former Chief Executive Officer and Director	2014	20,000	N/A	Nil	Nil	N/A	N/A	145,800	165,800
	2013	145,000	N/A	Nil	Nil	N/A	N/A	Nil	145,000
	2012	120,000	N/A	35,000	25,000	N/A	N/A	Nil	180,000
<b>Gary Liu<sup>(7)</sup></b> Former Chief Financial Officer and Director	2014	33,333	N/A	Nil	Nil	N/A	N/A	Nil	33,333
	2013	125,000	N/A	Nil	Nil	N/A	N/A	Nil	125,000
	2012	100,000	N/A	25,000	25,000	N/A	N/A	Nil	150,000

<sup>(1)</sup> This is the grant date fair value of options to purchase Common Shares granted during the financial year ended June 30, 2014 estimated with the *Black-Scholes* option pricing model with assumptions for risk-free interest rates, dividend yields, volatility factors of the expected market price of the Company's Shares and expected life of the options.

<sup>(2)</sup> The Company does not currently have a formal annual incentive plan or long term incentive plan for any of its executive officers, including its Named Executive Officers, but may award discretionary bonus payments from time to time.

<sup>(3)</sup> (Benjamin) Li Yu was appointed as effective September 1, 2013 at a salary of \$100,000. Management services are provided by Suntech PV Technologies Inc. ("**Suntech**"). Suntech is a Canadian non-reporting company majority-owned by (Benjamin) Li Yu.

<sup>(4)</sup> Kwong Choo was appointed as Chief Financial Officer effective October 22, 2013 at a salary of \$90,000 per annum.

<sup>(5)</sup> On June 21, 2013, Andrew Harris was provided written notice that his contract to act as President and Chief Operation Officer was being terminated. Andrew Harris resigned as a Director effective August 6, 2013. Management services were provided by Andrew Harris at a fee of \$10,000 per month until December 31, 2011. Beginning January 1, 2012, the services were been provided by Wicked Consulting Inc. ("**Wicked**") at a fee of \$10,000 per month. Wicked is a British Columbia non-reporting company wholly-owned by Andrew Harris.

<sup>(6)</sup> Brian Harris ceased being a director following the shareholders' meeting of the Company held on June 28, 2013 and resigned as Chief Executive Officer effective September 1, 2013. Brian Harris's salary in his capacity as Chief Executive Officer of the Company was paid through management fees. Management services were provided by Brian Harris at a fee of \$10,000 per month until November 30, 2011. Beginning December 1, 2011, the services were been provided by Marketing Services International ("**MSI**") at a fee of \$10,000 per month. MSI is a British Columbia non-reporting company wholly-owned by Brian Harris.

<sup>(7)</sup> Gary Liu resigned as Chief Financial Officer and a Director effective July 8, 2013. Accounting services were provided by Mt. Pacific Financial Corporation ("**Mt. Pacific**") at a fee of \$8,333 per month. Mt. Pacific is a British Columbia non-reporting company controlled by Gary Liu.

Andrew Harris, Brian Harris and Gary Liu did not receive additional compensation for their roles as directors as they are or were all considered executive management. (Benjamin) Li Yu does not receive additional compensation for his role as director since he was appointed Chief Executive Officer of the Company on September 1, 2013.

## Incentive Plan Awards

During the financial year ended June 30, 2014 and 2013, no stock options were granted pursuant to the Plan. As of June 30, 2014, 50,000 stock options were issued and outstanding under the Plan.

### Outstanding Share-Based Awards and Option-Based Awards as of June 30, 2014

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (\$)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out of distributed (\$)
(Benjamin) Li Yu	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Kwong Choo	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Andrew Harris	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Brian Harris	Nil	N/A	N/A	Nil	N/A	N/A	N/A
Gary Liu	Nil	N/A	N/A	Nil	N/A	N/A	N/A

<sup>(1)</sup> The value of unexercised “in-the-money options” at the financial year end is the difference between the option exercise price and the market value of the underlying the Common Shares on the Exchange on June 30, 2014. Market price for this purpose \$0.07, being the closing price of the Common Shares on June 30, 2014, the last day in which the Common Shares traded prior to the financial year ended on June 30, 2014.

### Incentive Plan Awards — Value Vested or Earned During the Years Ended June 30, 2014 and June 30, 2013

Name	Year	Option-based awards — Value vested during the year <sup>(1)</sup> (\$)	Share-based awards — Value vested during the year (\$)	Non-equity incentive plan compensation — Value earned during the year (\$)
(Benjamin) Li Yu	2014	Nil	N/A	N/A
	2013	Nil	N/A	N/A
Kwong Choo	2014	Nil	N/A	N/A
	2013	Nil	N/A	N/A
Andrew Harris	2014	Nil	N/A	N/A
	2013	Nil	N/A	N/A
Brian Harris	2014	Nil	N/A	N/A
	2013	Nil	N/A	N/A
Gary Liu	2014	Nil	N/A	N/A
	2013	Nil	N/A	N/A

<sup>(1)</sup> The amounts represent the fair value of the options vested during the year estimated with the *Black-Scholes* option pricing model.

## Employee Share Purchase Plan

Shareholders approved an employee share purchase plan (the “ESPP”) at the Company’s annual and special meeting held on December 16, 2010. The Company subsequently obtained the approval of the Exchange and proceeded with the implementation of the ESPP. The ESPP has been established to encourage employees to invest in Common Shares through employee savings and to allow the Company to provide contributions as an incentive to employees. A copy of the ESPP may be obtained upon request from the Company at #202 - 13018 80th Avenue, Surrey, British Columbia, V3W 3B2.

Under the ESPP, employees of the Company are provided with an opportunity to purchase Common Shares, therefore aligning the employees’ interests with the financial success of the Company. The ESPP is a voluntary plan open to all eligible employees.

All permanent and part time employees are considered to be eligible employees and are allowed to participate in the ESPP once they have completed a three-month probationary period.

A participant may contribute a maximum of 10% of the participant's semi-monthly salary towards the purchase of Common Shares. The Company will contribute an additional amount equal to 50% of the participant's semi-monthly contribution. Common Shares will be purchased, with the aggregate contributions, through the Exchange by Raymond James Ltd. on a semi-monthly basis. Participants will have title to all Common Shares purchased with his or her contributions immediately. Participants will receive Common Shares purchased with the Company's contributions when they are fully vested, which occurs on December 31 of each calendar year.

#### **Pension Plan Benefits**

The Company does not have a defined benefit plan, defined contribution plan or deferred compensation plan.

#### **Management Agreements & Termination and Change of Control Benefits**

The Company has a management contract with the Chief Executive Officer of the Company.

The Company and its subsidiaries are not parties to any further contracts, and have not entered into any plans or arrangements which require compensation to be paid to any other of their directors, officers or employees of the Company in the event of:

- (a) resignation, retirement or any other termination of employment with the Company or one of its subsidiaries;
- (b) a change of control of the Company or one of its subsidiaries; or
- (c) a change in the director, officer or employee's responsibilities following a change of control.

#### **Management Agreements**

(Benjamin) Li Yu, Chief Executive Officer, has a management contract with the Company. This contract is in the normal course of conducting business and ensuring long term commitment to the Company and its shareholders.

#### *Change of Control*

In the event of a merger, acquisition or sale transaction by the Company which causes a change of control of the Company (the "**Trigger Event**"), any stock options or similar securities held beneficially by (Benjamin) Li Yu shall automatically become fully vested.

#### *Termination*

The Company's contract with the Chief Executive Officer contains provisions for termination benefits in the event of a termination with and without cause. The maximum compensation is for a maximum of one year or the lessor of the remaining initial term or subsequent term. The length of time on the management contract is a one year.

#### *Severance Payments*

The Company paid \$145,800 during the financial year ended June 30, 2014 to MSI, a company wholly-owned by formal Chief Executive Officer Brian Harris, as part of the Termination of Management Services Agreement between the Company and MSI dated August 19, 2013.



## Director Compensation

The following table sets out certain information respecting the compensation paid to directors of the Company who were not Named Executive Officers during the Company's two most recently completed financial years:

Name <sup>(1)</sup>	Year	Fees earned (\$)	Share-based awards (\$)	Option-based awards <sup>(2)</sup> (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
(Derrick) Dongbing Ma	2014	12,000	N/A	Nil	Nil	N/A	Nil	12,000
	2013	1,500	N/A	Nil	Nil	N/A	Nil	1,500
Richard Ruijian Shi <sup>(3)</sup>	2014	10,742	N/A	Nil	Nil	N/A	Nil	10,742
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Peter Harry Stafford <sup>(4)</sup>	2014	10,742	N/A	Nil	Nil	N/A	Nil	10,742
	2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Perpinder Singh	2014	Nil	N/A	Nil	Nil	N/A	Nil	Nil
Patrola <sup>(5)</sup>	2013	Nil	N/A	Nil	Nil	N/A	Nil	Nil

<sup>(1)</sup> The relevant disclosure for (Benjamin) Li Yu has been provided in the "Summary Compensation Table" above.

<sup>(2)</sup> The amounts represent the fair value of the options vested during the year estimated with the *Black-Scholes* option pricing model.

<sup>(3)</sup> Richard Ruijian Shi was appointed as Director effective August 7, 2013.

<sup>(4)</sup> Peter Harry Stafford was appointed as Director effective August 7, 2013.

<sup>(5)</sup> Perpinder Singh Patrola resigned as a director of the Company effective July 26, 2013.

The Board of Directors reviews and determines directors' compensation once a year. The Board of Directors takes into account the types of compensation and the amounts paid to the directors of comparable publicly traded Canadian companies. The directors may be reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors. Directors are also eligible to receive incentive stock options to purchase Common Shares of the Company.

Directors who are also officers and receive a salary from the Company do not receive any additional remuneration from the Company for serving as a director. All of the directors are entitled to reimbursement of any out-of-pocket expenses incurred in performing duties as a director and are entitled to participate in the Option Plan (see "Outstanding Option-Based Awards" below).

## Outstanding Share-Based Awards and Option-Based Awards as of June 30, 2014

Name	Option-based Awards				Share-based Awards		
	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options <sup>(1)</sup> (\$)	Number of shares or units of shares that have not vested (\$)	Market or payout value of share-based awards that have not vested (\$)	Market or payout value of vested share-based awards not paid out of distributed (\$)
(Derrick) Dongbing Ma	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Richard Ruijian Shi	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Peter Harry Stafford	Nil	N/A	N/A	N/A	N/A	N/A	N/A
Perpinder Singh Patrola <sup>(2)</sup>	Nil	N/A	N/A	N/A	N/A	N/A	N/A

<sup>(1)</sup> The value of unexercised "in-the-money options" at the financial year end is the difference between the option exercise price and the market value of the underlying the Common Shares on the Exchange on June 30, 2014. Market price for this purpose \$0.07, being the closing price of the Common Shares on June 30, 2014, the last day in which the Common Shares traded prior to the financial year ended on June 30, 2014.

<sup>(2)</sup> Perpinder Singh Patrola resigned as a director of the Company effective July 26, 2013.

### Director Incentive Plan Awards — Value Vested or Earned During the Year

Name	Option-based awards — Value vested during the year <sup>(1)</sup> (\$)	Share-based awards — Value vested during the year (\$)	Non-equity incentive plan compensation — Value earned during the year (\$)
(Derrick) Dongbing Ma	Nil	N/A	N/A
	Nil	N/A	N/A
Richard Ruijian Shi	Nil	N/A	N/A
	Nil	N/A	N/A
Peter Harry Stafford	Nil	N/A	N/A
	Nil	N/A	N/A
Perpinder Singh Patrola <sup>(2)</sup>	Nil	N/A	N/A
	Nil	N/A	N/A

<sup>(1)</sup> The amounts represent the fair value of the options vested during the year estimated with the *Black-Scholes* option pricing model.

<sup>(2)</sup> Perpinder Singh Patrola resigned as a director of the Company effective July 26, 2013.

### SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets forth details of all equity compensation plans of the Company as of June 30, 2014

**Table of Equity Compensation Plan Information as of June 30, 2014**

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under the Equity Compensation Plans
Equity Compensation Plans Approved by Security holders	50,000 Common Shares	\$[0.10]	8,658,378 Common Shares
Equity Compensation Plans Not Approved By Security holders	N/A	N/A	N/A
<b>Total</b>	<b>50,000 Common Shares</b>	<b>\$[0.10]</b>	<b>8,658,378 Common Shares</b>

### INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors, executive officers and employees and former directors, executive officers, and employees is, as of October 3, 2014, indebted to either the Company or any of its subsidiaries nor are any of these individuals indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

No director or executive officer of the Company, no proposed nominee for election as a director of the Company, nor any associate or affiliate of any of the foregoing, has at any time since the beginning of the Company's last completed financial year been indebted to the Company or any of its subsidiaries nor have any of these individuals been indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by the Company or any of its subsidiaries.

### INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of management of the Company, except as described herein, no director or executive officer of the Company, no person who beneficially owns, directly or indirectly, Common Shares carrying 10% or more of the voting rights attached to all outstanding Common Shares of the Company (each of the foregoing being an **"Informed Person"**), no director or executive officer of an entity that is itself an Informed Person or a subsidiary of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, in any transaction since the beginning of the Company's last two completed financial years or in any proposed transaction which, in either case, has materially affected or would materially affect the Company or any of its subsidiaries, other than as set out in this Information Circular.

On May 7, 2014, the Company issued and sold 1,666,666 Common Shares for \$0.06 per share to (Benjamin) Li Yu, Chief Executive Officer and a Director of the Company, as part of a non-brokered private placement, whereby the Company issued and sold an aggregate of 8,333,333 Common Shares for aggregate gross proceeds of \$499,999.98.

On January 20, 2014, the Company entered into a loan agreement with Weichun Ye and Yan Zeng (collectively, the “**January Lenders**”) and (Derrick) Dongbing Ma, a Director of the Company, whereby the January Lenders agreed to loan to the Company an aggregate principal amount of \$500,000 bearing interest at 9% per annum, compounded semi-annually. The Company’s obligations are guaranteed by (Derrick) Dongbing Ma and in consideration for acting as guarantor, Mr. Ma was granted 4,000,000 non-transferable warrants, each such warrant entitling the holder to purchase one Common Share at an exercise price of \$0.05 per share under December 31, 2015, subject to regulatory approval.

On September 3, 2013, the Company entered into a loan agreement with the spouses of (Benjamin) Li Yu, Chief Executive Officer and a Director of the Company, and (Derrick) Dongbing Ma, a Director of the Company (the “**September Lenders**”), whereby the September Lenders agreed to provide the Company with a loan facility in the aggregate amount of \$100,000 bearing interest at 9% per annum, calculated and compounded semi-annually. The Company also agreed to issue to the September Lenders such number of Common Shares equal to 20% of the dollar amount of such loan at which were priced, when issued and allotted, in accordance with the policies of the Exchange.

#### **INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON**

To the knowledge of management of the Company, other than as described herein, no director or executive officer of the Company at any time since the beginning of the last completed financial year of the Company, no proposed nominee for election as a director of the Company and no associate or affiliate of any of the foregoing has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting other than the election of directors or the appointment of auditors.

#### **MANAGEMENT CONTRACTS**

The management functions of the Company and its subsidiaries are not performed to any substantial degree by any person or company other than the directors and executive officers of the Company or its subsidiaries.

#### **ADDITIONAL INFORMATION**

Additional information relating to the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information regarding the Company is provided in the Company’s annual audited comparative consolidated financial statements for the financial years ended June 30, 2013 and June 30, 2014, when available, and the auditors’ report thereon together with the corresponding management discussion and analysis. Copies of the annual audited comparative consolidated financial statements, as well as additional copies of this Information Circular, may be obtained upon request from the Company at #202 – 13018 80<sup>th</sup> Avenue, Surrey, British Columbia, V3W 3B2, telephone (604) 599-1190.

#### **APPROVAL OF DIRECTORS**

The contents and the sending of the accompanying Notice of Meeting and this Information Circular have been approved by the Board of Directors of the Company.

DATED at Surrey, British Columbia, this 3<sup>rd</sup> day of October, 2014.

#### **BY ORDER OF THE BOARD OF DIRECTORS**

(signed) “*Benjamin Li Yu*”

**(Benjamin) Li Yu**  
**Chief Executive Officer**

## SCHEDULE A

### RUSSELL BREWERIES INC. CORPORATE GOVERNANCE COMPLIANCE TABLE

The following table sets out the corporate governance practices of the Company with respect to NI 58-101. The Company constantly monitors evolving best practices for corporate governance.

	GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101	COMMENTS
1.	<b>Board of Directors</b>  (a) Disclose the identity of the directors who are independent.	<p>The Board is currently comprised of four directors, three of the directors are independent and one is not independent. The Board considers (Derrick) Dongbing Ma, Richard Ruijian Shi, and Peter Harry Stafford to be independent directors.</p> <p>The Board meets on a regular basis individually and as a Board. The Board requests both financial and operational updates from management that are provided on a timely basis when requested. As well, the Board has direct access to any employee in the organization if further explanation of performance metrics is required.</p>
	(b) Disclose the identity of the directors who are not independent, and describe the basis for that determination.	<p>The Board considers (Benjamin) Li Yu not an independent directors. (Benjamin) Li Yu is not an independent director because of his position as Chief Executive Officer.</p> <p>The Board is responsible for determining whether or not each director is an independent director. To do this, the Board analyzes all the relationships of the directors with the Company and its subsidiaries. Those directors who do not meet the meaning of independence as provided in NI 58-101 were deemed to not be independent directors. More information about each director can be found on pages 4 and 8 of this Information Circular.</p>
2.	<b>Directorship</b>  If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.	<p>None of the directors currently serve on the Board of any other reporting issuer(s) (or equivalent), other than as follows:</p> <p>Peter Stafford is a director of ALR Technologies Inc., which is listed on the OTC Bulletin Board.</p>
3.	<b>Orientation and Continuing Education</b>  Describe what steps, if any, the Board takes to orient new board members and describe what measures, if any, the Board takes to provide continuing education for directors.	<p>The Board provides ad hoc orientation for new directors. On occasions where it is considered advisable, the Board will provide directors with information regarding topics of general interest, such as fiduciary duties and continuous disclosure obligations. The Board also ensures that each director is up-to-date with current information regarding the business of the Company, the role the director is expected to fulfil and basic procedures and operations of the Board. Board members are also given access to management and other employees and advisors, who can answer any questions that may arise.</p>
4.	<b>Ethical Business Conduct</b>  Describe what steps, if any, the Board takes to encourage and promote a culture of ethical business conduct.	<p>The Board has not yet adopted guidelines or attempted to quantify or stipulate steps to encourage and promote a culture of ethical business conduct; but does promote ethical business conduct through the nomination of Board members it considers ethical and through avoiding and minimizing conflicts of interest.</p>

	<b>GOVERNANCE DISCLOSURE GUIDELINE UNDER NI 58-101</b>	<b>COMMENTS</b>
5.	<p><b>Nomination of Directors</b></p> <p>Describe what steps, if any, are taken to identify new candidates for Board nomination, including:</p> <p>(a) who identifies new candidates, and</p> <p>(b) the process of identifying new candidates.</p>	<p>The Board considers its size when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.</p> <p>The Board does not have a nominating committee, and these functions are currently performed by the Board as a whole. It reviews the composition of the Board members, on a periodic basis, makes recommendations regarding Board composition, analyzes the need for new nominees when vacancies arise and identifies and proposes new nominees who have the necessary competencies and characteristics to meet such needs.</p>
6.	<p><b>Compensation</b></p> <p>Describe what steps, if any are taken to determine compensation for the directors and CEO, including:</p> <p>(a) who determines compensation; and</p> <p>(b) the process of determining compensation.</p>	<p>The Board has determined that the directors and officers should be compensated in a form and amount which is appropriate for comparative organizations, having regard for such matters as time commitment, responsibility and trends in director and executive compensation.</p> <p>For more information regarding compensation paid to directors and executives, see pages 10 through 16 of this Information Circular.</p>
7.	<p><b>Other Board Committees</b></p> <p>If the Board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.</p>	<p>The Board does not have any other standing committees other than the audit committee.</p>
8.	<p><b>Assessments</b></p> <p>Disclose what steps, if any, that the Board takes to satisfy itself that the Board, its committees, and its individual directors are performing effectively.</p>	<p>Currently, the Board takes responsibility for monitoring and assessing the effectiveness of the Board and the performance of individual directors, its committees, including reviewing the Board's decision-making processes and quality and adequacy of information provided by management.</p>

## **SCHEDULE B**

### **RUSSELL BREWERIES INC. AUDIT COMMITTEE CHARTER**

#### **A. OVERVIEW AND PURPOSE**

The Audit Committee of Russell Breweries Inc. (the “**Company**”) has been formed to enable the Board of Directors of the Company to perform its obligations with respect to compliance with applicable securities laws and the rules of the TSX Venture Exchange.

The Audit Committee is responsible to the Board of Directors of the Company. The primary objective of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities with respect to:

- (a) disclosure of financial and related information;
- (b) the relationship with and expectations of the external auditors of the Company, including the establishment of the independence of the external auditors;
- (c) the oversight of the Company’s internal controls; and
- (d) any other matters that the Audit Committee feels are important to its mandate or that the Board of Directors of the Company chooses to delegate to it.

The Audit Committee will approve, monitor, evaluate, advise or make recommendations in accordance with this Charter, with respect to the matters set out above.

#### **B. ORGANIZATION**

##### **1. Size and Membership Criteria**

The Audit Committee will consist of three or more Directors of the Company.

A majority of the members of the Audit Committee must be independent of management and free from any interest, business or other relationship, other than interests and relationships arising from holding common shares of the Company or other securities which are exchangeable into common shares of the Company, which could, or could reasonably be perceived to, materially interfere with the director’s ability to act in the best interests of the Company.

All members of the Audit Committee should be financially literate and be able to read and understand basic financial statements. At least one member of the Audit Committee must have accounting or related financial expertise and should be able to analyze and interpret a full set of financial statements, including notes, in accordance with generally accepted accounting principles.

##### **2. Appointment and Vacancies**

The members of the Audit Committee are appointed or reappointed by the Board of Directors following each annual meeting of the shareholders of the Company. Each member of the Audit Committee will continue to be a member of the Audit Committee until his or her successor is appointed unless he or she resigns or is removed by the Board of Directors of the Company or ceases to be a Director of the Company. Where a vacancy occurs at any time in the membership of the Audit Committee the Board of Directors of the Company may appoint a qualified individual to fill such vacancy and must appoint a qualified individual if the membership of the Audit Committee is less than three Directors as a result of any such vacancy.

**C. MEETINGS**

**1. Frequency**

The Audit Committee will meet at least four times per year on a quarterly basis, or more frequently as circumstances require. In addition, the Audit Committee may also meet at least once per year with management and the external auditors of the Company in separate executive sessions to discuss any matters that the Audit Committee or each of these groups believes should be discussed privately.

**2. Chair**

The Board of Directors of the Company or, in the event of its failure to do so, the members of the Audit Committee, will appoint a Chair from amongst their number. If the Chair of the Audit Committee is not present at any meeting of the Audit Committee, the Chair of the meeting will be chosen by the Audit Committee from among the members present.

The Audit Committee will also appoint a secretary who need not be a Director of the Company.

**3. Time and Place of Meetings**

The time and place of meetings of the Audit Committee and the procedure at such meetings will be determined from time to time by the members of the Audit Committee, provided that:

- (a) a quorum for meetings of the Audit Committee will be two members present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and hear each other, and
- (b) notice of the time and place of every meeting will be given in writing or facsimile to each member of the Audit Committee, the internal auditors, the external auditors and the corporate secretary of the Company at least 24 hours prior to the time fixed for such meeting.

Any person entitled to notice of a meeting of the Audit Committee may waive such notice (and attendance at a meeting is a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called).

A meeting of the Audit Committee may be called by the corporate secretary of the Company on the direction of the Chief Executive Officer of the Company, by any member of the Audit Committee or the external auditors. Notwithstanding the foregoing, the Audit Committee will at all times have the right to determine who will and will not be present at any part of the meeting of the Audit Committee.

**4. Agenda**

The Chairman will ensure that the agenda for each upcoming meeting of the Audit Committee is circulated to each member of the Audit Committee as well as each of the external auditors and corporate secretary of the Company in advance of the meeting of the Audit Committee not later than three business days prior to each meeting.

**5. Resources**

The Audit Committee will have the authority to retain independent legal, accounting and other consultants to advise the Audit Committee, and to set the pay and compensation for such consultants. The Audit Committee may request any officer or employee of the Company or its subsidiaries or the legal counsel to the Company or the external auditors of the Company to attend any meeting of the Audit Committee or to meet with any members of, or consultants to, the Audit Committee.

**D. DUTIES AND RESPONSIBILITIES**

The Board of Directors of the Company has delegated the following duties and responsibilities to the Audit Committee, and the Audit Committee shall have the sole authority and responsibility to carry out these duties and responsibilities.

## **1. Review and Reporting Procedures**

The Audit Committee will make regular reports to the Board of Directors of the Company. The Audit Committee will review and re-assess the Audit Committee Charter on an annual basis and make recommendations for changes to this Charter. The Audit Committee will also periodically perform a self-assessment of its performance against its mandate.

## **2. Financial Reporting**

The Audit Committee will review and discuss with management, the internal auditors (as applicable) and the external auditors of the Company the following financial statements and related information prior to filing or public dissemination:

- (a) annual audited financial statements of the Company, including notes;
- (b) interim financial statements of the Company;
- (c) management discussion and analysis (“MD&A”) relating to each of the annual audited financial statements and the interim financial statements of the Company;
- (d) news releases and material change reports announcing annual or interim financial results or otherwise disclosing the financial performance of the Company, including the use of non-GAAP earnings measures;
- (e) the annual report of the Company;
- (f) all financial-related disclosure to be included in management proxy circulars of the Company in connection with meetings of shareholders; and
- (g) all financial-related disclosure to be included in or incorporated by reference into any prospectus or other offering documents that may be prepared by the Company.

As part of this review process, the Audit Committee will meet with the external auditors without management present to receive input from the external auditors with respect to the acceptability and quality of the relevant financial information.

The Audit Committee will also review the following items in relation to the above listed documents:

- (a) significant accounting and reporting issues or plans to change accounting practices or policies and the financial impact thereof;
- (b) any significant or unusual transactions;
- (c) significant management estimates and judgments; and
- (d) monthly financial statements.

Following the review by the Audit Committee of the documents set out above, the Audit Committee will recommend to the Board of Directors that such documents be approved by the Board of Directors and filed with all applicable securities regulatory bodies and/or be sent to shareholders.

## **3. External Auditors**

The Audit Committee is directly responsible for the appointment, compensation and oversight of the work of the external auditors of the Company (including resolution of disagreements between management and the external auditors regarding financial reporting) for the purpose of preparing or issuing its audit report or performing other audit review or attest services. As a result, the Audit Committee will review and recommend the appointment of the external auditors and the remuneration of the external auditors.



The Audit Committee will review on an annual basis the performance of the external auditors of the Company. The Audit Committee will discuss with the external auditors any disclosed relationships or non-audit services that the external auditors propose to provide to the Company or any of its subsidiaries that may impact the objectivity and independence of the external auditors in order to satisfy itself of the independence of the external auditors.

In addition, the Audit Committee will review on an annual basis the scope and plan of the work to be done by the external auditors of the Company for the coming financial year.

Prior to the release of the annual financial statements of the Company, the Audit Committee will discuss certain matters required to be communicated to the Audit Committee by the external auditors in accordance with the standards established by the Canadian Institute of Chartered Accountants. The Committee will also consider the external auditors' judgment about the quality and appropriateness of the Company's accounting principles as applied in the Company's financial reporting.

#### **4. Legal and Compliance**

The Audit Committee is responsible for reviewing with management of the Company the following:

- (a) any off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company and its subsidiaries which would have a material current or future effect on the financial condition of the Company;
- (b) major risk exposures facing the Company and the steps that management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies;
- (c) any litigation, claim or other contingency, including tax assessments that could have a material effect upon the financial position or operating results of the Company and its subsidiaries and the manner in which these matters have been disclosed in the financial statements; and
- (d) the quarterly and annual certificates of the Chief Executive Officer and the Chief Financial Officer of the Company certifying the Company's quarterly and annual financial filings in compliance with Multilateral Instrument 52-109 of the Canadian Securities Administrators.

#### **5. Internal Controls**

The Audit Committee is responsible for reviewing the adequacy of the Company's internal control structures and procedures designed to ensure compliance with applicable laws and regulations.

The Audit Committee is responsible for establishing procedures for the following:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees or consultants of the Company of concerns regarding questionable accounting or auditing matters.

The Audit Committee will review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors. The Audit Committee will also review the letters from the external auditors of the Company outlining the material weaknesses in internal controls noted from their audit, including relevant drafts of such letters.

## SCHEDULE C

### RUSSELL BREWERIES INC.

#### STOCK OPTION PLAN

##### 1. OBJECTIVES

The Plan is intended as an incentive to attract and retain qualified directors, senior officers, Employees, Management Company Employees, Consultants and Consultant Companies of the Company and its Affiliates, to promote a proprietary interest in the Company and its Affiliates among such persons, and to stimulate the active interest of such persons in the development and financial success of the Company and its Affiliates.

##### 2. DEFINITIONS

2.1 As used in the Plan, the terms set forth below shall have the following respective meanings:

- (a) **"Affiliate"**, when referring to the relationship between two companies, means that one of them is the subsidiary of the other, or each of them is controlled by the same person or entity;
- (b) **"Board"** means the board of directors of the Company;
- (c) **"Cause"** means: (i) in the case of an Employee (1) cause as such term is defined in the written employment agreement with the Employee or if there is no written employment agreement or cause is not defined therein, the usual meaning of just cause under the common law or the laws of the jurisdiction in which the employee is employed; or (2) the termination of employment as a result of an order made by any Regulatory Authority having jurisdiction to so order; (ii) in the case of a Consultant (1) the occurrence of any event which, under the written consulting contract with the Consultant or the common law or the laws of the jurisdiction in which the consultant provides services, gives the Company or any of its affiliates the right to immediately terminate the consulting contract; or (2) the termination of the consulting contract as a result of an order made by any Regulatory Authority having jurisdiction to so order; (iii) in the case of a Director, ceasing to be a Director as a result of (1) ceasing to be qualified to act as a director of a company under section 128 of the *Business Corporations Act* (British Columbia) or equivalent provisions in any replacement legislation; (2) a resolution having been passed under section 128 (3) of the *Business Corporations Act* (British Columbia) or equivalent provisions in any replacement legislation; or (3) an order made by any Regulatory Authority having jurisdiction to so order; or (iv) in the case of an Officer, ceasing to be an Officer as a result of an order made by any Regulatory Authority having jurisdiction to so order.
- (d) **"Change of Control"** means and shall be deemed to have occurred if one of the following events takes place: (i) the Company sells, leases or otherwise disposes of all or substantially all of its assets and undertaking to a Person or a combination of Persons at arm's length to the Company and its affiliates, whether pursuant to one or more transactions; (ii) the Company amalgamates or enters into a plan of arrangement with another company at arm's length to the Company and its affiliates, other than an amalgamation or plan of arrangement that would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or resulting entity) more than 50% of the combined voting power of the surviving or resulting entity outstanding immediately after such amalgamation or plan of arrangement; (iii) any Person or combination of Persons at arm's length to the Company and its affiliates acquires or becomes the beneficial owner of, directly or indirectly, more than 50% of the voting securities of the Company, whether through the acquisition of previously issued and outstanding voting securities, or of voting securities that have not been previously issued, or any combination thereof, or any other transaction having a similar effect; or (iv) any resolution is passed or any action or proceeding is taken with respect to the liquidation, dissolution or winding-up of the Company;
- (e) **"Committee"** means the Board or such committee of the Board that the Board may, in accordance with section 3.1 hereof, designate to administer the Plan;

- (f) **"Company"** means Russell Breweries Inc., a company existing under the laws of the Province of British Columbia, and any successor company;
- (g) **"Consultant"** means, in relation to the Company, an individual or Consultant Company, other than an Employee or a Director/Officer of the Company, that:
  - (i) is engaged to provide on an ongoing bona fide basis, consulting, technical, management or other services to the Company or to an Affiliate of the Company, other than services provided in relation to a distribution of securities;
  - (ii) provides the services under a written contract between the Company of the Affiliate of the Company and the individual or the Consultant Company;
  - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or an Affiliate of the Company; and
  - (iv) has a relationship with the Company or an Affiliate of the Company that enables the individual to be knowledgeable about the business and affairs of the Company.
- (h) **"Consultant Company"** means, for an individual Consultant, a company or partnership of which the individual is an employee, shareholder or partner;
- (i) **"Date of Grant"** means the date an Option is granted by the Committee to the Optionee, subject to any Regulatory Authority or other approvals or conditions;
- (j) **"Directors/Officers"** means directors, senior officers or Management Company Employees of the Company or any subsidiary of the Company;
- (k) **"Disinterested Shareholder Approval"** means approval by a majority of the votes cast by all shareholders of the Company, including shareholders of non-voting and subordinate shares, who must be given full voting rights, at a shareholders' meeting, excluding votes attaching to shares of the Company beneficially owned by Insiders to whom Options may be granted under the Plan and associates of such persons;
- (l) **"Employee"** means:
  - (i) an individual who is considered an employee of the Company or its subsidiary under the Income Tax Act (Canada);
  - (ii) an individual who works full-time for the Company or its subsidiary providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source; or
  - (iii) an individual who works for the Company or its subsidiary on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company over the details and methods of work as an employee of the Company, but for whom income tax deductions are not made at source;
- (m) **"Exchange"** means the TSX Venture Exchange, the Toronto Stock Exchange or any other stock exchange on which the Shares are listed;
- (n) **"Insider"** in relation to the Company means:
  - (i) a director or senior officer of the Company;
  - (ii) a director or senior officer of a company that is an Insider or subsidiary of the Company; or

- (iii) a person that beneficially owns or controls, directly or indirectly, Shares carrying more than 10% of the voting rights attached to all outstanding Shares;
- (o) **"Investor Relations Activities"** means any activities, by or on behalf of the Company or a shareholder of the Company, that promote or reasonably could be expected to promote the purchase or sale of securities of the Company, except for such activities that the Exchange specifically states to not be Investor Relations Activities;
- (p) **"Management Company Employee"** means an individual employed by an entity providing management services to the Company, which are required for the ongoing successful operation of the business enterprise of the Company, but excluding an entity engaged in Investor Relations Activities;
- (q) **"Market Price"** in relation to a Share subject to an Option on the Date of Grant of the Option means the last closing price of the Shares on the Exchange before such Date of Grant;
- (r) **"Option"** means an option to purchase Shares granted under or subject to the terms of the Plan;
- (s) **"Option Agreement"** means a written agreement between the Company and an Optionee that sets forth the terms, conditions and limitations applicable to an Option;
- (t) **"Option Period"** means the period during which an Option may be exercised;
- (u) **"Optionee"** means a person to whom an Option has been granted under the terms of the Plan or who holds an Option that is otherwise subject to the terms of the Plan;
- (v) **"Person"** means any individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency or entity however designated or constituted;
- (w) **"Plan"** means this Stock Option Plan of the Company;
- (x) **"Regulatory Authorities"** means all Exchanges on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company or its securities, this Plan or the Options granted from time to time hereunder.
- (y) **"Shares"** means common shares without par value in the capital of the Company; and
- (z) **"Termination Date"** means: (i) in the case of an Optionee's resignation from employment or the termination of the Optionee's consulting contract by the Optionee, the date that the Optionee provides notice of such resignation or termination to the Company or any of its affiliates; or (ii) in the case of the termination of the Optionee's employment or consulting contract by the Company or any of its affiliates for any reason (whether such termination is lawful or unlawful) other than death, the date that the Company or any of its affiliates delivers written notice of such lawful or unlawful termination of the Optionee's employment or consulting contract to the Optionee; or (iii) in the case of the expiry of a fixed-term employment agreement or consulting contract that is not renewed or extended, the last day of the term.

### 3. ADMINISTRATION OF THE PLAN

- 3.1 The Plan shall be administered by the Committee. With respect to Option grants to directors of the Company, the Board shall serve as the Committee. With respect to any other Options, the Board may specifically constitute a committee of two or more directors of the Company as the Board may designate from time to time to serve as the Committee for the Plan, all of the members of which shall be and remain directors of the Company. Notwithstanding the foregoing, the Board may resolve to be the Committee to administer the Plan with respect to all of the Plan or certain participants and/or awards made or to be made under the Plan.
- 3.2 The Committee shall have full and exclusive power to interpret the Plan, to adopt such rules, regulations and guidelines for carrying out the Plan as it may deem necessary or proper, all of which powers shall be exercised in the

best interests of the Company and in keeping with the objectives of the Plan, and to reserve and issue Shares issuable pursuant to the exercise of Options. The Committee may, in its discretion but subject to any necessary approvals of any stock exchange or Regulatory Authorities having jurisdiction over the securities of the Company, provide for the extension of the exercise period of an Option, eliminate or make less restrictive any restrictions contained in an Option, waive any restriction or other provision of the Plan or an Option or otherwise amend or modify an Option in any manner that is either (a) not adverse to the Optionee holding such Option or (b) consented to by such Optionee. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan or in any Option in the manner and to the extent the Committee deems necessary or desirable to carry it into effect. Any decision of the Committee in the interpretation and administration of the Plan shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all parties concerned. No member of the Committee shall be liable for anything done or omitted to be done by such member, by any member of the Committee or by any officer of the Company in connection with the performance of any duties under the Plan, except for such member's own willful misconduct or as expressly provided by statute.

- 3.3 All administrative costs of the Plan shall be paid by the Company.

#### **4. ELIGIBILITY**

- 4.1 Options may be granted to Employees, Directors/Officers and Consultants (and Consultant Companies as may be permitted by the Exchange) who are in the opinion of the Committee in a position to contribute to the success of the Company or any of its Affiliates or who, by virtue of their service to the Company or any predecessors thereof or to any of its Affiliates are, in the opinion of the Committee, worthy of special recognition. The granting of Options is entirely discretionary and nothing in this Plan shall be deemed to give any person any right to participate in this Plan or to be granted an Option and designation of an Optionee in any year shall not require the designation of such person to receive an Option in any other year. The Committee shall consider such factors as it deems pertinent in selecting participants and in determining the amount and terms of their respective Options.
- 4.2 Subject to any applicable Regulatory Authority approvals, Options may also be granted under the Plan in exchange for outstanding options granted by the Company or any predecessor company thereof or any Affiliate thereof, whether such outstanding options are granted under the Plan, under any other stock option plan of the Company or any predecessor company or any Affiliate thereof, or under any stock option agreement with the Company or any predecessor corporation or Affiliate thereof.
- 4.3 Subject to any applicable Regulatory Authority approvals, Options may also be granted under the Plan in substitution for outstanding options of another company in connection with a plan of arrangement or exchange, amalgamation, merger, consolidation, acquisition of property or shares, or other reorganization between or involving such other company and the Company or any of its subsidiaries.

#### **5. SHARES SUBJECT TO THE PLAN**

- 5.1 Subject to sections 5.2, 5.3 and 5.4, the number of Shares which may be issuable pursuant to the exercise of Options granted under the Plan shall be a maximum of 10% of the number of issued and outstanding from time to time on a non-diluted basis. Shares issuable pursuant to Options granted under this Plan that have been exercised, cancelled or otherwise terminated shall be available for subsequent grants under the Plan.
- 5.2 No Options may be granted pursuant to this Plan such that the Options issued pursuant to the Plan, together with all of the Company's previously established or proposed share compensation arrangements, could result at any time in:
- (a) the number of Shares reserved for issuance to be granted to Insiders exceeding 10% of the issued Shares calculated on a non-diluted basis;
  - (b) the grant to Insiders in the aggregate, within a 12-month period, of a number of Options exercisable to purchase more than 10% of the issued Shares; or
  - (c) the issuance to any one Optionee, within a 12-month period, of a number of Shares exceeding 5% of the issued Shares.

- 5.3 If the Shares are listed on the TSX Venture Exchange, the aggregate number of Shares which may be purchased by the exercise of Options granted to Persons employed to provide Investor Relations Activities must not exceed 2% of the issued Shares in any 12-month period, calculated on the Grant Date.
- 5.4 The aggregate number of Shares which may be purchased by the exercise of Options granted to any Consultant must not exceed 2% of the issued Shares in any 12-month period, calculated on the Grant Date.
- 5.5 For the purposes of this section, the number of Shares issued and outstanding is determined on the basis of the number of Shares that are outstanding immediately prior to the Share issuance in question.

## **6. PRICE**

- 6.1 The exercise price per Share subject to an Option shall be determined by the Committee at the time the Option is granted, provided that the exercise price shall not be less than the Market Price.
- 6.2 Subject to applicable Regulatory Authority requirements and approval, the Committee may reprice the prevailing exercise price of an Option. Any reduction in the exercise price of an Option held by an Optionee who is an Insider at the time of the proposed amendment is, however, subject to Disinterested Shareholder Approval if and as required by the Exchange.

## **7. TERM AND EXERCISE OF OPTIONS**

- 7.1 The Option Period shall be determined by the Committee at the time the Option is granted and may be up to five years from the Date of Grant, except as the same may be reduced pursuant to the provisions of section 9. Subject to the applicable maximum Option Period provided for in this section 7.1 and subject to applicable Regulatory Authority requirements and approvals, the Committee may extend the Option Period for an Option. Any extension of the Option Period of an Option held by an Optionee who is an Insider at the time of the proposed amendment is, however, subject to Disinterested Shareholder Approval if and as required by the Exchange.
- 7.2 The exercise of any Option will be contingent upon receipt by the Company of payment for the full exercise price of the Shares being purchased in cash by way of certified cheque or bank draft. No Optionee or the legal representatives, legatees or distributees of the Optionee will be, or will be deemed to be, a holder of any Shares subject to an Option under the Plan unless and until certificates for such Shares are issued to the Optionee or such other persons under the terms of the Plan.

## **8. STOCK OPTION AGREEMENT**

Upon the grant of an Option to an Optionee, the Company and the Optionee shall enter into an Option Agreement setting out the number of Shares subject to the Option, the exercise price per Share, the Option Period, and incorporating the terms and conditions of the Plan and any other requirements of applicable Regulatory Authorities and such other terms and conditions as the Committee may determine are necessary or appropriate, subject to the terms of the Plan. Without limiting the generality of the foregoing and if and for so long as the Company is listed on the Exchange, for Options granted to Employees, Consultants or Management Company Employees, the Company is required to represent in an Option Agreement that the Optionee is a bona fide Employee, Consultant or Management Company Employee, as the case may be.

## **9. EFFECT OF TERMINATION OF EMPLOYMENT OR DEATH**

- 9.1 The vested portion of Options granted to any Optionee who is a Director/Officer or Management Company Employee shall expire on the earlier of: (a) that date which is 90 days after the Optionee ceases to be in at least one of such categories unless such Optionee ceases to be in at least one of such categories for Cause, in which case that date which the Optionee ceases to be in at least one of such categories; (b) an earlier date which is provided for in the Option Agreement with the Optionee; and (c) the expiry of the Option Period. The unvested portion of Options granted to any Optionee who is a Director/Officer, Consultant or Management Company Employee shall expire on the date the Optionee ceases to be in at least one of such categories and shall not vest after the date that the Optionee ceases to be in at least one of such categories.
- 9.2 The vested portion of Options granted to any Optionee who is an Employee or Consultant shall expire on the earlier of: (a) that date which is 90 days after the Termination Date unless such Optionee ceases to be in at least one of such categories for Cause, in which case the Termination Date; (b) an earlier date which is provided for in the Option

Agreement with the Optionee; and (c) the expiry of the Option Period. The unvested portion of Options granted to any Optionee who is an Employee or Consultant shall expire on the Termination Date and shall not vest after the Termination Date.

- 9.3 Options granted to an Optionee who is engaged in Investor Relations Activities for the Company shall expire on the earlier of: (a) that date which is 30 days after the Termination Date unless such Optionee ceases to be employed to provide Investor Relation Activities for Cause, in which case the Termination Date; (b) an earlier date which is provided for in the Option Agreement with the Optionee; and (c) the expiry of the Option Period. The unvested portion of Options granted to any Optionee who is an Employee or Consultant shall expire on the Termination Date and shall not vest after the Termination Date.
- 9.4 Notwithstanding sections 9.1, 9.2 and 9.3, in the event of the death of an Optionee while in service to the Company, each outstanding Option (to the extent then vested, if applicable, and not exercised) shall be exercisable until the earlier of (a) the expiration of one year following such death unless an earlier date is provided for in the Option Agreement with the Optionee, and (b) the expiry of the Option Period, but only by the person or persons to whom the Optionee's rights under the Option shall pass by the Optionee's will or by the laws of descent and distribution.
- 9.5 In the event of a Change of Control or impending Change of Control, the Board may, in its sole discretion, deal with outstanding Options in the manner it deems fair and reasonable in light of the circumstances. Without limiting the generality of the foregoing, the Board may, without any action or consent required on the part of any Optionee:
- (a) subject to Exchange approval, deliver a notice to the Optionee advising the Optionee that the unvested portion of the Options held by the Optionee, if any, shall immediately vest;
  - (b) deliver a notice to an Optionee advising the Optionee that the expiry of the Option Period for any vested portion or portions of the Option shall be the earlier of the expiry of the Option Period and the 10<sup>th</sup> day following the date of the notice and the expiry of the Option Period for any unvested portion of the Option shall be the date of the notice; or
  - (c) take such other actions, and combinations of the foregoing actions, as it deems fair and reasonable under the circumstances.
- 9.6 Notwithstanding the foregoing provisions of this section 9 and subject to any applicable Regulatory Authority approvals, the Committee may, in its discretion, provide for the extension of the exercisability of an Option for any period that is not beyond the applicable Option Period thereof, eliminate or make less restrictive any restrictions governing an Option, waive any restriction or other provision of this Plan or an Option or otherwise amend or modify the Option in any manner that is either (a) not adverse to such Optionee or (b) consented to by such Optionee.

## **10. ADJUSTMENT IN SHARES SUBJECT TO THE PLAN**

- 10.1 The exercise price for and the number of Shares covered by an Option will be adjusted, with respect to the then unexercised portion thereof, by the Committee from time to time (on the basis of such advice as the Committee considers appropriate, including, if considered appropriate by the Committee, a certificate of the auditor of the Company) in the event and in accordance with the provisions and rules set out in this section 10. Any dispute that arises at any time with respect to any adjustment pursuant to such provisions and rules will be conclusively determined by the Committee, and any such determination will be binding on the Company, the Optionee and all other affected parties.
- (a) In the event that a dividend is declared upon the Shares, payable in Shares (other than in lieu of dividends paid in the ordinary course), the number of Shares then subject to any Option shall be adjusted by adding to each such Share the number of Shares which would be distributable thereon if such Share had been outstanding on the date fixed for determining shareholders entitled to receive such stock dividend.
  - (b) In the event that the outstanding Shares are changed into or exchanged for a different number or kind of Shares or other securities of the Company or of another corporation, whether through an arrangement, amalgamation or other similar procedure or otherwise, or a share recapitalization, subdivision or consolidation, then there shall be substituted for each Share subject to any Option the number and kind of Shares or other securities of the Company or another corporation into which each outstanding Share shall be so changed or for which each such Share shall be exchanged.

- (c) In the event that there is any change, other than as specified above in this section 10, in the number or kind of outstanding Shares or of any securities into which such Shares shall have been changed or for which they shall have been exchanged, then, if the Committee, in its sole discretion, determines that such change equitably requires an adjustment to be made in the number or kind of Shares then subject to any Option, an equitable adjustment shall be made in the number or kind of Shares, such adjustment shall be made by the Committee and be effective and binding for all purposes.
  - (d) In the event that the Company distributes by way of a dividend, or otherwise, to all or substantially all holders of Shares, property, evidences of indebtedness or shares or other securities of the Company (other than Shares) or rights, options or warrants to acquire Shares or securities convertible into or exchangeable for Shares or other securities or property of the Company, other than as a dividend in the ordinary course, then, if the Committee, in its sole discretion, determines that such action equitably requires an adjustment in the exercise price of the Option or number of Shares subject to any Option, or both, such adjustment shall be made by the Committee and shall be effective and binding for all purposes.
- 10.2 In the case of any such substitution or adjustment as provided for in this section 10, the exercise price in respect of each Option for each Share covered thereby prior to such substitution or adjustment will be proportionately and appropriately varied, such variation shall generally require that the number of Shares or securities covered by the Option after the relevant event multiplied by the varied option exercise price be equal to the number of Shares covered by the Option prior to the relevant event multiplied by the original exercise price of the Option.
- 10.3 No adjustment or substitution provided for in this section 10 shall require the Company to issue a fractional share in respect of any Option. Fractional shares shall be eliminated.
- 10.4 The grant of an Option shall not affect in any way the right or power of the Company to effect adjustments, reclassifications, reorganizations, arrangements or changes of its capital or business structure, or to amalgamate, merge, consolidate, dissolve or liquidate, or to sell or transfer all or any part of its business or assets.

## **11. NON-ASSIGNABILITY**

All Options, benefits and rights accruing to any Optionee in accordance with the terms and conditions of the Plan are non-assignable and non-transferable, except as specifically provided in section 9.2 in the event of the death of the Optionee. During the lifetime of the Optionee, all such Options, benefits and rights may only be exercised by the Optionee.

## **12. EMPLOYMENT**

Nothing contained in the Plan shall confer upon any Optionee any right with respect to employment or continuance of employment with, or the provision of services to, the Company or any of its Affiliates, or interfere in any way with the right of the Company or any of its Affiliates to terminate the Optionee's employment or services at any time. Participation in the Plan by an Optionee is voluntary.

## **13. RECORD KEEPING**

The Company shall maintain a register in which shall be recorded or maintained:

- (a) the name and address of each Optionee;
- (b) the number of Shares subject to Options granted to each Optionee, the number of Shares issued to each Optionee upon the exercise of Options, and the number of Shares subject to Options remaining outstanding;
- (c) a copy of each outstanding Option Agreement;
- (d) such other information as the Committee may determine.



**14. REGULATORY APPROVALS**

- 14.1 The Plan is subject to the approval of Regulatory Authorities having, or which may have, jurisdiction over the securities of the Company, and the Board is authorized to amend the text thereof from time to time in order to comply with any changes thereto required by such applicable Regulatory Authorities.
- 14.2 The obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to the approval of any governmental authority having jurisdiction or any stock exchange or stock quotation system on which the Shares are listed for trading or quoted which may be required in connection with the authorization, issuance or sale of such Shares by the Company. If any Shares cannot be issued to any Optionee for any reason including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any exercise price for an Option paid to the Company shall be returned to the Optionee.

**15. HOLD PERIODS, SECURITIES REGULATION AND TAX WITHHOLDING**

- 15.1 Any Shares issued pursuant to this Plan will be subject to any resale restrictions required by the Exchange or those of any securities Regulatory Authorities having jurisdiction.
- 15.2 Where necessary to effect exemption from registration or distribution of the Shares under securities laws applicable to the securities of the Company, an Optionee shall be required, upon the acquisition of any Shares upon the exercise of Options, to acquire such Shares with investment intent (i.e. for investment purposes) and not with a view to their distribution, and to present to the Committee an undertaking to that effect in a form acceptable to the Committee. The Committee may cause a legend or legends to be placed upon any certificates for the Shares to make appropriate reference to applicable resale restrictions. The Committee may take such other action or require such other action or agreement by such Optionee as may from time to time be necessary to comply with applicable securities laws. This provision shall in no way obligate the Company to undertake the registration or qualification of any Options or the underlying Shares under any securities laws applicable to the securities of the Company.
- 15.3 The Committee and the Company may take all such measures as they deem appropriate to ensure that the Company's obligations under the withholding provisions under income tax laws applicable to the Company and other provisions of applicable laws are satisfied with respect to the issuance of Shares pursuant to the Plan or the grant or exercise of Options under the Plan.
- 15.4 Issuance, transfer or delivery of certificates for Shares purchased pursuant to the Plan may be delayed, at the discretion of the Committee, until the Committee is satisfied that the applicable requirements of securities and income tax laws have been met.

**16. AMENDMENT AND TERMINATION OF PLAN**

- 16.1 The Board reserves the right to amend or terminate the Plan at any time if and when it is advisable in the absolute discretion of the Board; provided, however, that no such amendment or termination shall adversely affect any outstanding Options granted under the Plan without the consent of the Optionee. Any amendment to the Plan shall also be subject to any necessary approvals of any Exchange or Regulatory Authority having jurisdiction over the securities of the Company and, where applicable, the approval of the shareholders of the Company (except where an amendment is made pursuant to section 14.1 and 16.2 hereof).
- 16.2 The Board are specifically authorized to amend the terms of the Plan, and the terms of any Options granted under the Plan, without obtaining shareholder approval, in order to:
- (a) amend the termination and cancellation provisions of the Options, unless the Shares are listed on the TSX Venture Exchange;
  - (b) accelerate the vesting period of any Options; or
  - (c) make other amendments of a housekeeping nature.

**17. NO REPRESENTATION OR WARRANTY**

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

**18. GENERAL PROVISIONS**

- 18.1 Nothing contained in the Plan shall prevent the Company or any of its Affiliates from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the issuance of securities of the Company (subject to shareholder approval if such approval is required by applicable securities Regulatory Authorities) and such arrangements may be either generally applicable or applicable only in specific cases.
- 18.2 The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any option agreement, and all determinations made and actions taken pursuant hereto shall be governed by and determined in accordance with the laws of the Province of British Columbia, Canada.
- 18.3 If any provision of the Plan or any Option is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Option, or would disqualify the Plan or any Option under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Option, such provision shall be stricken as to such jurisdiction, person or Option and the remainder of the Plan and any such Option shall remain in full force and effect.
- 18.4 Neither the Plan nor any Option shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any of its Affiliates and an Optionee or any other person.
- 18.5 Headings are given to the sections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof.

**19. TERM OF THE PLAN**

- 19.1 The Plan shall be effective as of October 23, 2006, subject to its yearly approval by the shareholders of the Company at an Annual General Meeting and all necessary Regulatory Authority approvals pursuant to section 14 hereof.
- 19.2 Subject to being approved on a yearly basis by the Company's shareholders at an Annual General Meeting, the Plan shall be effective until October 23, 2006 unless the Plan is earlier terminated by the Board pursuant to section 16 hereof, and no Option shall be granted under the Plan after that date. Unless otherwise expressly provided in the Plan or in an applicable Option Agreement, any Option granted hereunder may, and the authority of the Board to amend, alter, adjust, suspend, discontinue or terminate any such Option or to waive any conditions or rights under any such Option shall, continue after October 23, 2006 or any earlier termination date of the Plan, provided such continuation is approved by the shareholders of the Company at an Annual General Meeting.

As amended May 24, 2013, and October 3, 2014



